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Link Real Estate Investment Trust

*(a collective investment scheme authorised under section 104
of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))*
(stock code: 823)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

The board of directors (the “**Board**”) of Link Asset Management Limited (the “**Manager**”), as manager of Link Real Estate Investment Trust (“**Link**”), is pleased to report to unitholders (the “**Unitholders**”) the unaudited interim results of Link and its subsidiaries (the “**Group**”) for the six months ended 30 September 2015.

The interim results and the condensed consolidated interim financial information of the Group for the six months ended 30 September 2015, after review by the audit and risk management committee of the Manager (the “**Audit and Risk Management Committee**”), were approved by the Board on 11 November 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Financial Results

During the six months under review, total revenue increased by 9.3% to HK\$4,185 million (six months ended 30 September 2014: HK\$3,830 million). Net property income increased by 11.2% to HK\$3,096 million (six months ended 30 September 2014: HK\$2,783 million). Interim distribution per unit (“**DPU**”) for the period amounted to HK98.99 cents (six months ended 30 September 2014: HK89.56 cents). The interim DPU represents a year-on-year increase of 10.5%.

Valuation of the investment properties portfolio continued to improve, reaching HK\$155,751 million (31 March 2015: HK\$138,383 million), representing an increase of 12.6% as compared to 31 March 2015. Net asset value per unit grew to HK\$54.24 (31 March 2015: HK\$51.53).

Building a More Productive and Quality Portfolio

Link endeavours to build a quality portfolio of retail, fresh markets, car parks and office properties in Hong Kong and Mainland China that generates good return to Unitholders while contributing towards growing thriving communities.

Link's ongoing strategy is to cautiously diversify our portfolio to manage and mitigate geographic and asset-class risk exposures. A core part of this strategy is to invest and manage properties in locations that have long-term demand. We achieve this through a careful blend of asset management, asset enhancement, asset acquisition, asset disposal, property development and property re-development.

Mass market retail properties are Link's focus. Through them, we drive the majority of our growth by refining tenant mix and improving the operating environment of our assets. Diversification into the office sector is complementary to this retail focus and enhances overall quality of the portfolio to generate a better return for Unitholders. To ensure that retail remains Link's focus, allocation into office will not exceed 12.5% of the total portfolio value. Also, development projects will be kept below 10% of the total portfolio value and will be focused only on Hong Kong.

Hong Kong is and will remain Link's priority, complemented by a prudent investment scope in Mainland China that will not exceed 12.5% of our total portfolio value. Link's approach in Mainland China has been to acquire properties located in tier-one cities with immediate income-generation capabilities. We believe they will generate stable and consistent long-term growth and we intend to maintain this strategy.

Asset Management

Link's organic growth is driven by continuous upgrade and refinement of our tenant mix. This will carry on in our core portfolio in Hong Kong. To meet the requirements of different shoppers, enhance operating efficiency and align with the brand identity, we will also re-categorise our Hong Kong portfolio into three groups, namely "Destination", "Community" and "Neighbourhood". This aims to better serve the needs of different communities.

In the past years, Link has established strong asset management expertise and this has transferred well to EC Mall in Beijing. Since taking up the retail property in April 2015, Link has introduced new tenants to better serve the community, and will continue to deliver high service quality and innovative marketing campaigns.

Link continues to move closer towards the 30/20 energy target of reducing total electricity consumption by 30% as compared with our consumption level in 2010 by the year 2020, as we achieved a further year-on-year reduction of 8.2 million kWh of electricity since 1 April 2015.

Asset Enhancement

During the period, Link completed asset enhancement works at Tsing Yi Commercial Complex and the repositioning of Temple Mall North, formerly named Lung Cheung Plaza. The extensive upgrade at Temple Mall North is designed to capitalise on the enhanced connectivity and synergy of our property cluster in the Wong Tai Sin district.

Link also commenced asset enhancement works at Wo Che Plaza. This project, along with the works currently underway at Long Ping Commercial Centre and Tin Shing Shopping Centre, is scheduled to be completed within this financial year.

Asset Acquisition

Acquisition of EC Mall in Beijing was completed on 1 April 2015. In August 2015, Link completed the acquisition of Corporate Avenue 1 & 2, a premium grade-A commercial property in Shanghai for RMB6,600 million. Following our Mainland China investment strategy, Corporate Avenue 1 & 2 are strategically located in Shanghai's core central business district ("CBD") in the Taipingqiao/Xintiandi area in Huangpu District, a recognised landmark area in Shanghai. Properties of this calibre are rarely available on the market and coupled with the development restrictions in the area, we are confident that Corporate Avenue 1 & 2 will remain an in-demand location for years to come.

Asset Disposal

As a responsible manager, Link continually assesses the performance of the portfolio with a view to streamline and improve operational efficiency by identifying outlying assets for disposal. This exercise is part of Link's capital recycling strategy to create more value for our Unitholders. In October 2015, Link announced the sale of five properties, fetching a total consideration of HK\$1,716.5 million. This represents a premium of approximately 30% above the aggregate appraised value of those properties as at 30 September 2015.

Property Development

The Kowloon East commercial development remains on schedule. General building plans had been approved by relevant government authority. This development will be a grade-A commercial complex comprising office towers with retail elements and car parks. We are working closely with our joint venture partner, Nan Fung Development Limited, to manage the project progress.

Maintaining a Prudent and Flexible Capital Structure

With the recent acquisitions, it is important to emphasise Link's commitment to maintaining a strong credit rating and a healthy financial position. As at 30 September 2015, Link's credit ratings were A/Stable and A2/Stable by Standard & Poor's and Moody's Investors Service respectively. Gearing ratio as at 30 September 2015 was 16.9%. We highly treasure our current credit ratings and aim to keep our gearing ratio below 25%. These commitments allow Link to continue achieving low funding costs for future business activities.

Developing a Strong Management Team

Link has developed a management team with strong expertise in each facet of the business including leasing, managing our properties and diligently exploring new investment opportunities. As at 30 September 2015, the Manager had 936 staff (31 March 2015: 930).

To attract and retain talented staff, we provide a fair, equitable and transparent work environment that values work-life balance and leadership development as well as compensation package comprising basic salary, discretionary bonus and other benefits such as annual leave, maternity/paternity leave, birthday leave, and reimbursement of industry-specific club/professional association membership fee. Our Employee Unit Purchase Plan offers staff a tangible correlation between their input and the success of our business.

To articulate the new corporate identity, Link has launched a series of training and team building workshops for all of our staff to understand the brand attributes so they can implement in their daily activities and to reiterate the 'one team' approach. As Link's business expands, Link will increase the intellectual exchange, enabling the Manager to further develop a team with even greater competence, experience and the passion for management of our properties.

Helping Our Tenants and Communities Grow While Delighting Shoppers

The growth of Link's tenants and communities has been spearheaded by ongoing enhancements to our properties, complemented by continual improvements in service standards. Link's popular, ongoing marketing campaigns connect the communities around our properties to our tenants. In line with current trends, Link has started to introduce digital innovations to increase community-tenant connectivity. Among the recent innovations is Link's Park and Dine mobile application, which provides real-time parking information for our car parks, integrated with a user-populated database of restaurant reviews. Since its initial launch, the programme has been successful in establishing a growing user base. This highlights the growing and untapped opportunities to implement digital solutions to improve and enhance shopping experience at our properties.

In August 2015, Link launched the revitalised Siu Sai Wan Market on Hong Kong Island. Siu Sai Wan Market builds on the success of our earlier fresh market enhancements that provide a modern operating environment and deliver a vibrant and unique retail experience for our shoppers. Innovations introduced at Siu Sai Wan Market include an integrated loyalty membership and electronic payment programme, a 24-hour fresh fruit vending machine and other specialty tenants. Since its opening in August, Siu Sai Wan Market has seen satisfactory increase in footfall.

Link has made great strides in its flagship charity and community engagement programme, Link Together Initiatives. Three funding categories have been introduced in the current funding cycle:

- **Neighbourhood Project Fund** which supports charitable organisations to implement projects that improve and enhance the neighbourhood living environment;
- **Link Scholarship** which provides funding for the first generation university students in their families; and
- **Service Projects Fund** that fills service gaps in society by sponsoring distinctive community projects with unique service concepts.

Link expanded the funding categories to better identify and fund opportunities specific to improving the surrounding communities. The overall programme continues to focus on youth development and well being of the elderly and families.

The total amount available for the entire Link Together Initiatives remains at a maximum of 0.25% of the net property income from the previous financial year. The current funding cycle has earmarked HK\$10.0 million to various projects.

FINANCIAL REVIEW

With our continuous effort on managing our portfolio, we have achieved strong operating performance delivering resilient results.

Hong Kong Portfolio

Revenue Analysis

Link's focus remains on providing non-discretionary products and services. Total revenue rose to HK\$4,056 million (six months ended 30 September 2014: HK\$3,830 million), comprising rental income from retail properties of HK\$2,961 million (six months ended 30 September 2014: HK\$2,831 million), car parks of HK\$909 million (six months ended 30 September 2014: HK\$825 million) and other property related revenue of HK\$186 million (six months ended 30 September 2014: HK\$174 million).

Revenue Breakdown

	Six months ended 30 September 2015 HK\$'M	Six months ended 30 September 2014 HK\$'M	Year- on-year change %
Retail rentals:			
Shops ⁽¹⁾	2,415	2,294	5.3
Markets/Cooked Food Stalls	390	379	2.9
Education/Welfare and Ancillary	72	73	(1.4)
Mall Merchandising	84	85	(1.2)
Car parks rentals:			
Monthly	680	609	11.7
Hourly	229	216	6.0
Expenses recovery and other miscellaneous revenue:			
Property related revenue ⁽²⁾	186	174	6.9
Total	4,056	3,830	5.9

Notes:

(1) Rental from shops includes base and turnover rents of HK\$67 million (six months ended 30 September 2014: HK\$84 million).

(2) Property related revenue includes other revenue from retail properties of HK\$183 million (six months ended 30 September 2014: HK\$172 million) and car parks of HK\$3 million (six months ended 30 September 2014: HK\$2 million).

Expense Analysis

With our diligent cost control measures, total property operating expenses for the period under review only increased marginally by 0.8% and net property income margin further improved to 74.0% (six months ended 30 September 2014: 72.7%). Decrease in staff costs was mainly due to a lower accrual for long-term incentive plan as a result of decrease in the closing unit price as at 30 September 2015 against that as at 31 March 2015.

Link continues to manage our energy consumption which was reduced by 8.2 million kWh during the period. Even with an 8.3% upward revision of statutory minimum wage from HK\$30 to HK\$32.5 per hour this May, property managers' fees, security and cleaning expenses still managed to grow only at a moderate 3.3%. Uplift in government rent and rates was generally in line with revenue growth while promotion and marketing expenses increased mainly due to the launching of our new brand identity during the period.

Property Operating Expenses Breakdown

	Six months ended 30 September 2015 HK\$'M	Six months ended 30 September 2014 HK\$'M	Year- on-year change %
Property managers' fees, security and cleaning	285	276	3.3
Staff costs	182	196	(7.1)
Repair and maintenance	109	102	6.9
Utilities	173	181	(4.4)
Government rent and rates	129	119	8.4
Promotion and marketing expenses	48	41	17.1
Estate common area costs	62	57	8.8
Other property operating expenses	67	75	(10.7)
Total property operating expenses	<u>1,055</u>	<u>1,047</u>	0.8

Retail Portfolio

As at 30 September 2015, the overall occupancy rates of the retail portfolio remained stable at 95.1% (31 March 2015: 94.8%). Steady improvement in tenant sales performance continued and the composite reversion rate for the period under review (on an average 3-year lease) stood at a healthy level of 23.6% (six months ended 30 September 2014: 23.6%). The average monthly unit rent improved from HK\$45.4 psf as at 31 March 2015 to HK\$47.4 psf as at 30 September 2015.

Shops accounted for 82.4% of the total internal floor area of our retail portfolio which saw stable occupancy rate and growth in reversion during the period. For “Markets/Cooked Food Stalls”, we are partnering with experienced fresh market operators to further improve operational efficiency of our fresh markets. This has resulted in improvements in occupancy and cost savings despite a lower increase in the composite reversion rate.

Operational Statistics of the Retail Portfolio

Category	Occupancy rate		Composite reversion rate		% of total IFA ⁽¹⁾⁽²⁾
	As at	As at	Six months ended	Six months ended	As at
	30 September 2015	31 March 2015	30 September 2015	30 September 2014	30 September 2015
	%	%	%	%	%
Shops	96.4	96.5	29.5	24.1	82.4
Markets/Cooked Food Stalls	87.8	86.4	1.1	21.8	8.8
Education/Welfare and Ancillary	90.0	87.2	18.7	20.6	8.8
Total	95.1	94.8	23.6	23.6	100.0

Notes:

(1) Total excludes self use office.

(2) IFA means internal floor area.

Link continued to achieve improvement across our retail portfolio of different sizes. The retail components of the top 10 properties and the properties ranked 11th to 50th by valuation contributed 25.0% and 46.6%, respectively, to the retail rental revenue of Link’s Hong Kong portfolio and achieved average monthly unit rents of HK\$70.0 psf and HK\$51.3 psf, respectively, as at 30 September 2015 (31 March 2015: HK\$64.5 psf and HK\$49.8 psf).

Retail Portfolio Breakdown

	Retail properties valuation	Retail rentals	Average monthly unit rent per leased IFA		Occupancy rate	
	As at 30 September 2015 HK\$'M	Six months ended 30 September 2015 HK\$'M	As at 30 September 2015 HK\$ psf	As at 31 March 2015 HK\$ psf	As at 30 September 2015 %	As at 31 March 2015 %
Properties ⁽¹⁾						
1-10	29,984	741	70.0	64.5	96.8	98.4
11-50	52,462	1,380	51.3	49.8	95.7	95.5
51-100	24,960	720	35.7	34.6	94.4	92.8
Remaining	3,949	120	24.4	23.3	90.9	92.1
Total	111,355	2,961	47.4	45.4	95.1	94.8

Note:

⁽¹⁾ Properties ranked by retail valuation as at 30 September 2015.

Average monthly retail gross sales per square foot of our tenants continued to improve and rose by 6.0% as compared to the same period last year. “Food and Beverage” achieved a year-on-year growth in gross sales per square foot of 10.8%, while “General Retail” and “Supermarkets and Foodstuff” recorded increases of 7.1% and 1.0% respectively reflecting the slower retail sales growth of the Hong Kong market overall.

As at 30 September 2015, approximately 62.2% of monthly rent of Link’s portfolio was attributed to “Food and Beverage”, “Supermarkets and Foodstuff” and “Markets/Cooked Food Stalls” trades, catering to the daily needs of the community.

Retail Trade Mix by Monthly Rent and Leased IFA
(As at 30 September 2015)

Trade	By monthly rent %	By leased IFA %
Food and Beverage	25.5	28.9
Supermarkets and Foodstuff	22.7	18.9
Markets/Cooked Food Stalls	14.0	8.2
Services	10.9	9.3
Personal Care, Medicine, Optical, Books and Stationery	8.2	5.7
Education/Welfare and Ancillary	1.3	8.4
Others ⁽¹⁾	17.4	20.6
Total	100.0	100.0

Note:

⁽¹⁾ Others include clothing, department stores, electrical and household products, leisure and entertainment, and valuable goods.

Portfolio Lease Expiry Profile
(As at 30 September 2015)

	As % of total IFA %	As % of monthly rent %
Due in 2015/2016	20.9	16.8
Due in 2016/2017	24.7	29.0
Due in 2017/2018 and Beyond	43.7	49.1
Short-term Lease and Vacancy	10.7	5.1
Total	100.0	100.0

Car Park Portfolio

Demand for car park spaces across the portfolio continued to increase as a result of higher demand from shoppers and neighbouring residents. The increased revenue coupled with diligent cost control measures led to net property income margin for the period improving to 71.5% (six months ended 30 September 2014: 70.7%).

Key Car Park Property Performance Indicators

	Six months ended 30 September 2015	Six months ended 30 September 2014
Car park income per space per month (HK\$)	1,986	1,738
Net property income margin (%)	71.5	70.7
Average valuation per space (HK\$'000)	357	294

Asset Enhancement

Close to 60% of Link's Hong Kong assets are located in the New Territories where population growth is expected to be higher than the overall Hong Kong average. In particular, the northwestern area of the New Territories is projected to benefit the most due to upcoming government-planned improvements to local infrastructure. Link's asset enhancement pipeline, extending to 2020, is reviewed continuously to take advantage of opportunities arising in each district. Our asset enhancement works aim to modernise an ageing portfolio through a combination of lighting upgrades, enhancing store-front designs and ensuring compliance with applicable building codes and regulations. To-date enhanced properties have continually outperformed the remaining portfolio, demonstrating that this is a proven growth strategy.

As at 30 September 2015, the asset enhancement projects at Tsing Yi Commercial Complex and Temple Mall North (previously Lung Cheung Plaza) have been completed with satisfactory returns on investment of 15.6% and 15.5%, respectively, using capex of HK\$105 million and HK\$306 million. This brings the total number of asset enhancement projects completed to date to 41.

Status of Asset Enhancement Projects

	Number of projects	Estimated costs HK\$'M
Completed since initial public offering	41	4,480
Underway	9	1,216
Pending statutory approval	8	1,219
Others under planning	> 13	> 1,200
	<hr/>	<hr/>
Total	> 71	> 8,115
	<hr/> <hr/>	<hr/> <hr/>

Approved Asset Enhancement Projects Underway

	Estimated costs HK\$'M	Target completion date
Long Ping Commercial Centre ⁽¹⁾	196	Late 2015
Wo Che Plaza ⁽²⁾	52	Early 2016
Tin Shing Shopping Centre ⁽²⁾⁽³⁾	212	Early 2016
Tin Chak Shopping Centre ⁽²⁾	26	Mid 2016
Butterfly Plaza ⁽²⁾⁽³⁾	329	Mid 2016
Lei Tung Commercial Centre ⁽¹⁾	82	Mid 2016
Hau Tak Shopping Centre ⁽²⁾	172	Late 2016
Tai Hing Commercial Centre ⁽¹⁾	75	Late 2016
Sau Mau Ping Shopping Centre ⁽²⁾	72	Late 2016
	<hr/>	
Total	1,216	
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Notes:

- (1) Properties ranked outside of top 50 by valuation.
- (2) Properties ranked amongst top 50 by valuation.
- (3) Projects include a fresh market upgrade.

Mainland China Portfolio

During the period under review, Link completed the acquisitions of EC Mall in Beijing on 1 April 2015 and Corporate Avenue 1 & 2 in Shanghai on 31 August 2015. The newly acquired properties in Mainland China during the period contributed revenue of HK\$129 million and net property income of HK\$95 million.

As at 30 September 2015, the overall occupancy rate of the retail portfolio in Mainland China reached 100.0%, while that of the office portfolio recorded 98.5%. Retail composite reversion rate for the period under review achieved 33.7%, reflecting the strong performance of EC Mall. As for the office space in Corporate Avenue 1 & 2, we continue to see a strong demand for premium grade-A offices in the Shanghai core CBD from multinational corporations and local giants alike.

Valuation Review

Total value of Link's investment properties (including property under development and properties in Mainland China acquired during the period) increased 12.6% from HK\$138,383 million as at 31 March 2015 to HK\$155,751 million as at 30 September 2015. Value of the Hong Kong retail properties increased 3.8% to HK\$111,355 million (31 March 2015: HK\$107,326 million) while value of the car parks increased 8.2% to HK\$27,250 million (31 March 2015: HK\$25,177 million). The increase in value of the retail properties and car parks in Hong Kong was mainly driven by the increase in net property income and improved property conditions after asset enhancement.

Value of the Hong Kong property under development in Kowloon East also increased to HK\$6,050 million (31 March 2015: HK\$5,880 million) while newly acquired properties in Mainland China contributed HK\$11,096 million to the portfolio as at 30 September 2015.

CBRE Limited, the principal valuer of Link, valued Link's completed properties as at 30 September 2015 using a combination of income capitalisation and discounted cash flow approaches as the primary valuation methodologies. For the property under development, residual method was used. When valuing both completed and under development properties, the principal valuer has also made reference to market transactions and comparables.

Valuation Approach

	As at 30 September 2015	As at 31 March 2015
Income Capitalisation Approach – Capitalisation Rate		
Hong Kong		
Retail properties	3.40 – 5.20 %	3.40 – 5.20 %
Retail properties: weighted average	4.56 %	4.57 %
Car parks	3.80 – 6.00 %	3.80 – 6.00 %
Car parks: weighted average	4.77 %	4.78 %
Overall weighted average	4.60 %	4.61 %
Mainland China ⁽¹⁾		
Retail properties	4.50 – 5.00 %	N/A
Office properties	4.00 %	N/A
DCF Approach – Discount Rate		
Hong Kong		
	7.50 %	7.50 %
Mainland China ⁽¹⁾		
Retail properties	8.00 – 9.00 %	N/A
Office properties	7.50 %	N/A

Note:

- ⁽¹⁾ Acquisitions of EC Mall in Beijing and Corporate Avenue 1 & 2 in Shanghai were completed on 1 April 2015 and 31 August 2015, respectively.

Capital Management

During the period under review, the economic slowdown in Mainland China and the decline in commodity prices raised concerns in the financial markets. The deferral of the long-awaited rate rise in the Federal Funds Target Rate in September 2015 imposed further uncertainty on the financial markets. On the other hand, the liquidity in the Hong Kong banking market remained ample while the decline in trade financing and loan growth in Hong Kong made the bank loan market relatively favourable.

During the period, a total of HK\$10.4 billion bank facilities were arranged with tenure ranging from three to five years at favourable all-in costs of HIBOR + 1.02% to 1.23%. To achieve higher flexibility, HK\$5.4 billion of the bank facilities were arranged in revolving nature with the remaining HK\$5.0 billion in term loan. In the bond market, Link issued HK\$530 million 7-year fixed rate notes at 2.67% per annum.

After the financing programme, the Group's total debt increased to HK\$26.75 billion (31 March 2015: HK\$17.05 billion) while the gearing ratio stood at 16.9% (31 March 2015: 11.9%) and the average life of Link's committed debt facilities as at 30 September 2015 remained steady at 4.9 years (31 March 2015: 5.2 years).

Link also repaid the final HK\$1 billion tranche of secured loan from The Hong Kong Mortgage Corporation Limited and repaid HK\$940 million unsecured bank loans. As at 30 September 2015, all the Group's borrowings were unsecured and ranked equally.

As part of Link's strategy to recycle capital and to add value to Unitholders, during the period, we continued to use the proceeds from property disposals in 2014/15 to buy back 40.9 million units at an average price of HK\$43.57 per unit, which is equivalent to approximately 15% and 20% discount to net asset value per unit as at 31 March 2015 and 30 September 2015 of HK\$51.53 and HK\$54.24 respectively.

As at 30 September 2015, the Group's available liquidity reduced to HK\$2.32 billion (31 March 2015: HK\$6.44 billion), comprising HK\$0.52 billion (31 March 2015: HK\$3.45 billion) in cash and deposits and HK\$1.80 billion (31 March 2015: HK\$2.99 billion) available undrawn facilities.

On interest rate risk management, taking advantage of the extended low long-term interest rate environment, Link locked in additional long-dated interest rate swaps during the period under review. Despite the increase in total debt, the percentage of fixed rate debt as at 30 September 2015 increased to 62.5% (31 March 2015: 58.6%). Average life of fixed rate debt, representing the average period of interest rate protection provided by the fixed rate debt, was maintained at 6.9 years (31 March 2015: 7.2 years). At the same time, the effective interest cost of the Group's debt portfolio as at 30 September 2015 was further reduced to 2.58% (31 March 2015: 2.66%).

Committed Debt Facilities ⁽¹⁾

(As at 30 September 2015)

(HK\$ billion)	Fixed rate debt ⁽²⁾	Floating rate debt ⁽²⁾	Utilised facilities	Undrawn facilities	Total committed facilities
Unsecured bank loans	8.15	6.45	14.60	1.80	16.40
MTN ⁽³⁾	8.57	3.58	12.15	–	12.15
Total	16.72	10.03	26.75	1.80	28.55
Percentage	63%	37%	94%	6%	100%

Notes:

⁽¹⁾ All amounts are at face value.

⁽²⁾ After interest rate swaps.

⁽³⁾ MTN means medium term notes.

Facility Maturity Profile ⁽¹⁾
(As at 30 September 2015)

(HK\$ billion)	Unsecured bank loans	MTN	Undrawn facilities	Total
Due in 2016/2017	2.50	1.02	–	3.52
Due in 2017/2018	1.00	0.30	0.50	1.80
Due in 2018/2019	2.90	1.09	0.50	4.49
Due in 2019/2020	4.00	1.30	–	5.30
Beyond 2020/2021	4.20	8.44	0.80	13.44
Total	14.60	12.15	1.80	28.55

Note:

⁽¹⁾ All amounts are at face value.

OUTLOOK

The Hong Kong economy is facing a number of challenges, including a weakening trend in tourism growth and retail sales growth. However, non-discretionary trades in the past have demonstrated a high degree of resilience to market fluctuations. This continues to be the case with Hong Kong non-discretionary trades which have shown moderate growth during the period under review as they are supported by growing private domestic consumption fuelled by a strong labour market and increasing median household income. Furthermore, a large portion of our Hong Kong portfolio is situated in the New Territories which is projected to have a higher population growth over the next ten years. Similarly, tier-one cities in Mainland China are also experiencing growing median urban household income along with a rising middle class to support retail spending. We remain confident in the viability of our strategy of managing and growing a mass market-focused retail portfolio.

Link's commercial property investment strategy remains focused on quality properties in prime locations. In Mainland China, the Central Government is committed to developing Shanghai as a financial centre. The supply of premium grade-A office buildings, particularly in the CBD remains low, due to the narrow pipeline of new commercial development projects in the area. With limited new office supply, Link is confident that the Shanghai investment will continue to be in demand by premium corporate tenants.

Uncertainties in Mainland China and US economies exist, and are compounded by concerns of interest rate rises. However, our capital management efforts place us in a strong position to face the impact of interest rate changes.

Looking forward, the expanded set of growth drivers and focused business strategy, coupled with strong capital management, should allow Link to capitalise on multiple growth opportunities for the coming years.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	<i>Note</i>	Six months ended 30 September 2015 (Unaudited) HK\$'M	Six months ended 30 September 2014 (Unaudited) HK\$'M
Revenue	4	4,185	3,830
Property operating expenses	6	(1,089)	(1,047)
Net property income		3,096	2,783
General and administrative expenses		(163)	(286)
Change in fair values of investment properties		5,785	14,761
Operating profit	7	8,718	17,258
Interest income		4	14
Finance costs	8	(216)	(169)
Gain on disposal of investment properties		–	340
Profit before taxation and transactions with Unitholders		8,506	17,443
Taxation	10	(466)	(411)
Profit for the period, before transactions with Unitholders		8,040	17,032
Distributions paid to Unitholders (<i>Note (ii)</i>)		(2,138)	(1,976)
		5,902	15,056
Represented by:			
Change in net assets attributable to Unitholders, excluding issues of new units and units bought back		5,767	15,071
Amount arising from cash flow hedging reserve and exchange reserve movements	23	104	(15)
Non-controlling interest		31	–
		5,902	15,056
Profit for the period, before transactions with Unitholders attributable to			
– Unitholders (<i>Note (i)</i>)	11	8,009	17,032
– Non-controlling interest		31	–

Notes:

- (i) Earnings per unit, based upon profit after taxation and before transactions with Unitholders attributable to Unitholders and the weighted average number of units in issue, is set out in Note 11 to the condensed consolidated interim financial information.
- (ii) This represents the final distribution of HK\$2,138 million for the year ended 31 March 2015 (2014: HK\$1,976 million) paid during the period.
- (iii) Total Distributable Income (as defined in the Trust Deed constituting Link) for the six months ended 30 September 2015 is determined in the consolidated statement of distributions. The interim distribution declared in respect of this financial period as set out in the consolidated statement of distributions will be paid to Unitholders on 4 December 2015.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Note	Before transactions with Unitholders (Unaudited) HK\$'M	Transactions with Unitholders (Note (i)) (Unaudited) HK\$'M	After transactions with Unitholders (Note (ii)) (Unaudited) HK\$'M	Non- controlling interest (Unaudited) HK\$'M	Total (Unaudited) HK\$'M
Six months ended 30 September 2015						
Profit for the period		8,009	(7,905)	104	31	135
Other comprehensive income Item that may be reclassified subsequently to the condensed consolidated income statement						
– Cash flow hedging reserve		(58)	–	(58)	–	(58)
– Exchange reserve		(46)	–	(46)	–	(46)
Total comprehensive income for the period		<u>7,905</u>	<u>(7,905)</u>	<u>–</u>	<u>31</u>	<u>31</u>
Six months ended 30 September 2014						
Profit for the period		17,032	(17,047)	(15)	–	(15)
Other comprehensive income Item that may be reclassified subsequently to the condensed consolidated income statement						
– Cash flow hedging reserve		15	–	15	–	15
Total comprehensive income for the period	(ii)	<u>17,047</u>	<u>(17,047)</u>	<u>–</u>	<u>–</u>	<u>–</u>

Notes:

- (i) Transactions with Unitholders comprise the distributions to Unitholders of HK\$2,138 million (2014: HK\$1,976 million) and change in net assets attributable to Unitholders, excluding issues of new units and units bought back, of HK\$5,767 million (2014: HK\$15,071 million).
- (ii) In accordance with the Trust Deed, Link is required to distribute to Unitholders not less than 90% of Total Distributable Income for each financial period. The trust also has a limited life of 80 years from the date of establishment. Accordingly, the units contain contractual obligations of the trust to pay to its Unitholders cash distributions and also upon termination of the trust, a share of all net cash proceeds derived from the sale or realisation of the assets of the trust less any liabilities, in accordance with their proportionate interests in the trust at the date of the termination. The Unitholders' funds are therefore classified as a financial liability rather than equity in accordance with Hong Kong Accounting Standard 32: Financial Instruments: Presentation. Consistent with Unitholders' funds being classified as a financial liability, the distributions to Unitholders and change in net assets attributable to Unitholders, excluding issues of new units and units bought back, are finance costs. Accordingly, the total comprehensive income, after the transactions with Unitholders, is zero.

CONSOLIDATED STATEMENT OF DISTRIBUTIONS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	<i>Note</i>	Six months ended 30 September 2015 (Unaudited) HK\$'M	Six months ended 30 September 2014 (Unaudited) HK\$'M
Profit for the period, before transactions with Unitholders attributable to Unitholders		8,009	17,032
Adjustments:			
– Change in fair values of investment properties attributable to Unitholders		(5,754)	(14,761)
– Deferred taxation on change in fair values of investment properties attributable to Unitholders		17	–
– Other non-cash income		(42)	(18)
– Depreciation charge on investment properties under China Accounting Standards		(24)	–
– Gain on disposal of investment properties, net of transaction costs		–	(327)
Total Distributable Income (Note (i))		2,206	1,926
Discretionary distribution (Note (ii))		24	128
Total Distributable Amount		2,230	2,054
Interim distribution for the period, to be paid to the Unitholders (Note (iii))		2,230	2,054
Total Distributable Amount as a percentage of Total Distributable Income		101%	107%
Units in issue at 30 September	22	2,252,468,136	2,293,242,269
Distribution per unit to Unitholders for the period (Note (iv))		HK98.99 cents	HK89.56 cents

Notes:

- (i) Under the terms of the Trust Deed, the Total Distributable Income is the consolidated profit after taxation attributable to Unitholders (equivalent to profit for the period, before transactions with Unitholders attributable to Unitholders) adjusted to eliminate the effects of certain non-cash adjustments which have been recorded in the condensed consolidated income statement for the relevant period. Link is required to ensure that the total amount distributed to Unitholders as distributions for each financial period shall be no less than 90% of Total Distributable Income, plus at its discretion, any other additional amount that the Manager determines is distributable (i.e. Total Distributable Amount). The Manager has decided to distribute 100% (2014: 100%) of Total Distributable Income as the distribution for the six months ended 30 September 2015.
- (ii) Discretionary distribution refers to any additional amount to be distributed as determined by the Manager pursuant to clause 13.4 of the Trust Deed. The Manager recommended a discretionary distribution relating to the adjustment for depreciation charge on investment properties under China Accounting Standards during the period as part of interim distribution. For the six months ended 30 September 2014, the discretionary distribution was related to the transaction costs incurred for the acquisition of an investment property during the period.
- (iii) The interim distribution will be paid to Unitholders on 4 December 2015.
- (iv) The interim distribution per unit of HK98.99 cents for the six months ended 30 September 2015 is calculated based on the interim distribution of HK\$2,230 million for the period and 2,252,468,136 units in issue as at 30 September 2015, without taking into account any change in the number of units in issue subsequent to the approval of the condensed consolidated interim financial information. The interim distribution per unit of HK89.56 cents for the six months ended 30 September 2014 was calculated based on the interim distribution of HK\$2,054 million for the period and 2,293,242,269 units in issue as at 30 September 2014.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015

	<i>Note</i>	30 September 2015 (Unaudited) HK\$'M	31 March 2015 (Audited) HK\$'M
Non-current assets			
Goodwill	12	482	384
Investment properties	13	154,434	138,383
Property, plant and equipment	14	65	72
Derivative financial instruments	20	145	162
Other non-current asset		–	316
		<u>155,126</u>	<u>139,317</u>
Current assets			
Investment properties held for sale	13	1,317	–
Trade and other receivables	15	369	312
Deposits and prepayments		74	67
Short-term bank deposits	16	25	1,215
Cash and cash equivalents	16	494	2,233
		<u>2,279</u>	<u>3,827</u>
Total assets		<u>157,405</u>	<u>143,144</u>
Current liabilities			
Trade payables, receipts in advance and accruals	17	1,406	1,433
Security deposits		1,381	1,173
Provision for taxation		470	240
Current portion of long-term incentive plan provision	18	44	77
Interest bearing liabilities	19	2,633	1,940
Derivative financial instruments	20	77	17
		<u>6,011</u>	<u>4,880</u>
Net current liabilities		<u>3,732</u>	<u>1,053</u>
Total assets less current liabilities		<u>151,394</u>	<u>138,264</u>
Non-current liabilities, excluding net assets attributable to Unitholders			
Long-term incentive plan provision	18	18	43
Interest bearing liabilities	19	24,020	15,130
Derivative financial instruments	20	118	96
Deferred tax liabilities		2,078	1,957
Other non-current liabilities	21	2,964	2,932
		<u>29,198</u>	<u>20,158</u>
Total liabilities, excluding net assets attributable to Unitholders		<u>35,209</u>	<u>25,038</u>
Non-controlling interest		<u>31</u>	<u>–</u>
Net assets attributable to Unitholders		<u>122,165</u>	<u>118,106</u>
Units in issue	22	<u>2,252,468,136</u>	<u>2,291,770,269</u>
Net assets per unit attributable to Unitholders		<u>HK\$54.24</u>	<u>HK\$51.53</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Note	Net assets attributable to Unitholders (Unaudited) HK\$'M	Total reserves (Unaudited) HK\$'M	Non- controlling interest (Unaudited) HK\$'M	Total (Unaudited) HK\$'M
Net assets attributable to Unitholders at 1 April 2015		118,106	580	–	118,686
Issuance of units under long-term incentive plan		74	–	–	74
Units bought back for cancellation	22	(1,782)	–	–	(1,782)
Profit for the period ended 30 September 2015, before transactions with Unitholders		8,009	–	31	8,040
Distributions paid to Unitholders – 2015 final distribution		(2,138)	–	–	(2,138)
Change in fair values of cash flow hedges	23	–	(87)	–	(87)
Amount transferred to the condensed consolidated income statement	23	–	29	–	29
Exchange loss on translation of financial statements	23	–	(46)	–	(46)
Amount arising from cash flow hedging reserve and exchange reserve movements	23	(104)	104	–	–
Change in net assets attributable to Unitholders and non-controlling interest for the period ended 30 September 2015, excluding issues of new units and units bought back		<u>5,767</u>	<u>–</u>	<u>31</u>	<u>5,798</u>
Net assets attributable to Unitholders at 30 September 2015		<u>122,165</u>	<u>580</u>	<u>31</u>	<u>122,776</u>
Net assets attributable to Unitholders at 1 April 2014		96,351	–	–	96,351
Issuance of units under long-term incentive plan		74	–	–	74
Units bought back for cancellation		(886)	–	–	(886)
Profit for the period ended 30 September 2014, before transactions with Unitholders		17,032	–	–	17,032
Distributions paid to Unitholders – 2014 final distribution		(1,976)	–	–	(1,976)
Change in fair values of cash flow hedges		–	(13)	–	(13)
Amount transferred to the condensed consolidated income statement		–	28	–	28
Amount arising from cash flow hedging reserve movement		15	(15)	–	–
Change in net assets attributable to Unitholders for the period ended 30 September 2014, excluding issues of new units and units bought back		<u>15,071</u>	<u>–</u>	<u>–</u>	<u>15,071</u>
Net assets attributable to Unitholders at 30 September 2014		<u>110,610</u>	<u>–</u>	<u>–</u>	<u>110,610</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Six months ended 30 September 2015 (Unaudited) HK\$'M	Six months ended 30 September 2014 (Unaudited) HK\$'M
Operating activities		
Net cash generated from operating activities	2,839	2,542
Investing activities		
Acquisition of businesses	(9,806)	(1,380)
Proceeds from disposal of investment properties	–	1,240
Deposits from disposal of investment properties	–	83
Additions to investment properties	(670)	(464)
Additions to property, plant and equipment	(5)	(15)
Interest income received	12	23
Decrease in short-term bank deposits with original maturity of more than three months	1,190	620
Net cash (used in)/generated from investing activities	(9,279)	107
Financing activities		
Proceeds from interest bearing liabilities, net of transaction costs	29,264	4,585
Repayment of interest bearing liabilities	(20,408)	(2,800)
Interest expenses paid on interest bearing liabilities	(234)	(165)
Distributions paid to Unitholders	(2,138)	(1,976)
Units bought back for cancellation	(1,782)	(886)
Net cash generated from/(used in) financing activities	4,702	(1,242)
Net (decrease)/increase in cash and cash equivalents	(1,738)	1,407
Cash and cash equivalents at 1 April	2,233	560
Effect on exchange rate changes on cash and cash equivalents	(1)	–
Cash and cash equivalents at 30 September	494	1,967

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Corporate information

Link Real Estate Investment Trust (formerly known as “The Link Real Estate Investment Trust”) is a collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Link is governed by a trust deed entered into on 6 September 2005 (as amended and supplemented by 11 Supplemental Deeds dated 4 November 2005, 8 November 2005, 16 January 2006, 21 November 2006, 13 July 2007, 23 July 2007, 5 October 2009, 23 July 2010, 25 July 2012, 18 February 2014 and 15 January 2015) (together the “**Trust Deed**”).

The principal activity of Link and its subsidiaries is investing in real estate (other than real estate of a residential, hotel or serviced apartment nature) and undertaking property development and related activities in respect of all types of developments that contain retail and/or commercial portions. The addresses of the registered offices of the Manager, Link Asset Management Limited, and the Trustee, HSBC Institutional Trust Services (Asia) Limited, are 33/F., AXA Tower, Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong and 1 Queen’s Road Central, Hong Kong, respectively.

2 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 September 2015 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The condensed consolidated interim financial information should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2015.

As at 30 September 2015, the Group’s current liabilities exceeded its current assets. The Group considers that its liquidity and financial position as a whole is healthy and it has a reasonable expectation that the Group has adequate resources to meet its liabilities and commitments as and when they fall due and to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

3 Accounting policies

The accounting policies adopted are consistent with those set out in the audited consolidated financial statements for the year ended 31 March 2015, except for the adoption of the following new standards, amendments and interpretations issued by the HKICPA which became effective for the six months ended 30 September 2015.

HKAS 19 (2011) Amendments Annual Improvements to HKFRSs 2010 – 2012 Cycle Annual Improvements to HKFRSs 2011 – 2013 Cycle	Defined Benefit Plans: Employee Contributions
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The adoption of these new standards, amendments and interpretations has not had any significant effect on the accounting policies or results reported and financial position of the Group.

The following new standards, amendments and interpretations, which have been published but are not yet effective, have not been early adopted in the condensed consolidated interim financial information. These are effective for the Group's accounting periods beginning on or after 1 April 2016.

HKAS 1 Amendments	Disclosure Initiative ⁽¹⁾
HKAS 16 and HKAS 38 Amendments	Clarification of Acceptable Methods of Depreciation and Amortisation ⁽¹⁾
HKAS 16 and HKAS 41 Amendments	Agriculture: Bearer Plants ⁽¹⁾
HKAS 27 Amendments	Equity Method in Separate Financial Statements ⁽¹⁾
HKAS 28 (2011) and HKFRS 10 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽¹⁾
HKAS 28 (2011), HKFRS 10 and HKFRS 12 Amendments	Investment Entities: Applying the Consolidation Exception ⁽¹⁾
HKFRS 9 (2014)	Financial Instruments ⁽²⁾
HKFRS 11 Amendments	Accounting for Acquisitions of Interests in Joint Operations ⁽¹⁾
HKFRS 14	Regulatory Deferral Accounts ⁽¹⁾
HKFRS 15	Revenue from Contracts with Customers ⁽²⁾
Annual Improvements to HKFRSs 2012 – 2014 Cycle ⁽¹⁾	

⁽¹⁾ effective for accounting periods beginning on or after 1 January 2016

⁽²⁾ effective for accounting periods beginning on or after 1 January 2018

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

3 Accounting policies (Continued)

The Group is in the process of making an assessment of the impact of these new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) upon initial application. So far, the Manager has concluded that while the adoption of the new or revised HKFRSs may result in new or amended disclosures, these are unlikely to have a significant impact on the Group’s reported results of operations and financial position.

4 Revenue

Revenue recognised during the period comprise:

	Six months ended 30 September 2015 (Unaudited) HK\$’M	Six months ended 30 September 2014 (Unaudited) HK\$’M
Rentals		
– Retail and commercial properties	3,086	2,831
– Car parks	911	825
	3,997	3,656
Other revenue		
– Air conditioning service fees	173	164
– Other property related revenue	15	10
	188	174
Total revenue	4,185	3,830

Leases with tenants provide for monthly base rent and recovery of certain outgoings. Additional rents based on business turnover amounted to HK\$75 million (2014: HK\$84 million) and have been included in the rental income.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

5 Segment information

	Retail properties HK\$'M	Car parks HK\$'M	Others HK\$'M	Total HK\$'M
For the six months ended 30 September 2015 (Unaudited)				
Revenue (<i>Note (i)</i>)	<u>3,246</u>	<u>912</u>	<u>27</u>	<u>4,185</u>
Segment results	2,421	652	(140)	2,933
Change in fair values of investment properties	3,569	2,039	177	5,785
Interest income				4
Finance costs				<u>(216)</u>
Profit before taxation and transactions with Unitholders				8,506
Taxation				<u>(466)</u>
Profit for the period, before transactions with Unitholders				<u>8,040</u>
Capital expenditure	4,668	34	6,935	11,637
Depreciation	<u>-</u>	<u>-</u>	<u>(12)</u>	<u>(12)</u>
As at 30 September 2015 (Unaudited)				
Segment assets (<i>Note (ii)</i>)	115,807	27,319	13,133	156,259
Goodwill				482
Derivative financial instruments				145
Short-term bank deposits				25
Cash and cash equivalents				<u>494</u>
Total assets				<u>157,405</u>
Segment liabilities	2,175	157	455	2,787
Provision for taxation				470
Long-term incentive plan provision				62
Interest bearing liabilities				26,653
Derivative financial instruments				195
Deferred tax liabilities				2,078
Other non-current liabilities				<u>2,964</u>
Total liabilities, excluding net assets attributable to Unitholders				<u>35,209</u>
Non-controlling interest				<u>31</u>
Net assets attributable to Unitholders				<u>122,165</u>

Notes:

- (i) For the period ended 30 September 2015, revenue of HK\$129 million (2014: Nil) is attributable to external customers from Mainland China and HK\$4,056 million (2014: HK\$3,830 million) is attributable to external customers from Hong Kong.
- (ii) As at 30 September 2015, non-current assets of HK\$11,195 million (31 March 2015: Nil) is located in Mainland China and HK\$143,786 million (31 March 2015: HK\$139,155 million) is located in Hong Kong.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

5 Segment information (Continued)

	Retail properties HK\$'M	Car parks HK\$'M	Others HK\$'M	Total HK\$'M
For the six months ended 30 September 2014 (Unaudited)				
Revenue	<u>3,003</u>	<u>827</u>	<u>–</u>	<u>3,830</u>
Segment results	2,198	585	(286)	2,497
Change in fair values of investment properties	10,207	4,554	–	14,761
Interest income				14
Finance costs on interest bearing liabilities				(169)
Gain on disposal of investment properties				340
Profit before taxation and transactions with Unitholders				17,443
Taxation				(411)
Profit for the period, before transactions with Unitholders				<u>17,032</u>
Capital expenditure	1,603	120	15	1,738
Depreciation	<u>–</u>	<u>–</u>	<u>(10)</u>	<u>(10)</u>
As at 31 March 2015 (Audited)				
Segment assets	107,584	25,237	6,329	139,150
Goodwill				384
Derivative financial instruments				162
Short-term bank deposits				1,215
Cash and cash equivalents				2,233
Total assets				<u>143,144</u>
Segment liabilities	2,070	183	353	2,606
Provision for taxation				240
Long-term incentive plan provision				120
Interest bearing liabilities				17,070
Derivative financial instruments				113
Deferred tax liabilities				1,957
Other non-current liabilities				2,932
Total liabilities, excluding net assets attributable to Unitholders				<u>25,038</u>
Net assets attributable to Unitholders				<u>118,106</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

6 Property operating expenses

	Six months ended 30 September 2015 (Unaudited) HK\$'M	Six months ended 30 September 2014 (Unaudited) HK\$'M
Property managers' fees, security and cleaning	288	276
Staff costs (Note 9)	189	196
Repair and maintenance	111	102
Utilities	177	181
Government rent and rates	129	119
Promotion and marketing expenses	49	41
Estate common area costs	62	57
Business and real estate tax in Mainland China	15	–
Other property operating expenses	69	75
	<u>1,089</u>	<u>1,047</u>

7 Operating profit

	Six months ended 30 September 2015 (Unaudited) HK\$'M	Six months ended 30 September 2014 (Unaudited) HK\$'M
Operating profit for the period is stated after charging:		
Staff costs (Note 9)	262	278
Depreciation of property, plant and equipment	12	10
Loss on disposal of property, plant and equipment	–	2
Trustee's fee	6	4
Valuation fee	1	1
Auditor's remuneration		
– Audit-related assurance services	1	1
– Acquisition related professional fee	1	–
Bank charges	2	2
Operating lease charges	14	13
Other legal and professional fees	16	5
Donations	10	7
	<u>10</u>	<u>7</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

8 Finance costs

	Six months ended 30 September 2015 (Unaudited) HK\$'M	Six months ended 30 September 2014 (Unaudited) HK\$'M
Interest expenses on interest bearing liabilities wholly repayable within five years	133	99
Interest expenses on interest bearing liabilities wholly repayable beyond five years	132	68
Other borrowing costs (<i>Note (i)</i>)	39	10
	<hr/>	<hr/>
	304	177
Less: capitalised under investment properties (<i>Note (ii)</i>)	(88)	(8)
	<hr/>	<hr/>
	216	169
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (i) Other borrowing costs include HK\$32 million (2014: Nil) interest expenses to non-controlling interest, HK\$29 million (2014: HK\$28 million) net losses on interest rate swap contracts designated as cash flow hedges, HK\$38 million (2014: HK\$29 million) net gains on cross currency swap contracts and interest rate swap contracts designated as fair value hedges and various banking and financing charges.
- (ii) Interest expenses have been capitalised under investment properties at an average interest rate of 2.7% (2014: 2.9%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

9 Staff costs

	Six months ended 30 September 2015 (Unaudited) HK\$'M	Six months ended 30 September 2014 (Unaudited) HK\$'M
Wages and salaries	268	243
Contributions to mandatory provident fund scheme	7	6
Long-term incentive plan awards (<i>Note 18</i>)	23	57
	<hr/>	<hr/>
	298	306
Less: capitalised under investment properties	(36)	(28)
	<hr/>	<hr/>
Staff costs (<i>Note 7</i>)	262	278
	<hr/> <hr/>	<hr/> <hr/>

Staff costs can be further analysed as below:

	Six months ended 30 September 2015 (Unaudited) HK\$'M	Six months ended 30 September 2014 (Unaudited) HK\$'M
Included under property operating expenses (<i>Note 6</i>)	189	196
Included under general and administrative expenses	73	82
	<hr/>	<hr/>
	262	278
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

10 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the period. Corporate income tax in Mainland China has been provided for at the rate of 25% on the estimated assessable profit for the period.

The amount of taxation charged to the condensed consolidated income statement represents:

	Six months ended 30 September 2015 (Unaudited) HK\$'M	Six months ended 30 September 2014 (Unaudited) HK\$'M
Current taxation		
– Hong Kong	337	318
– Mainland China	6	–
Deferred taxation	123	93
Taxation	<u>466</u>	<u>411</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

11 Earnings per unit based upon profit after taxation and before transactions with Unitholders attributable to Unitholders

	Six months ended 30 September 2015 (Unaudited)	Six months ended 30 September 2014 (Unaudited)
Profit after taxation and before transactions with Unitholders attributable to Unitholders	<u>HK\$8,009 million</u>	<u>HK\$17,032 million</u>
Weighted average number of units for the period for calculating basic earnings per unit	2,284,355,750	2,309,562,285
Adjustment for dilutive contingently issuable units under long-term incentive plan	1,423,576	1,937,476
Weighted average number of units for the period for calculating diluted earnings per unit	<u>2,285,779,326</u>	<u>2,311,499,761</u>
Basic earnings per unit based upon profit after taxation and before transactions with Unitholders attributable to Unitholders	<u>HK\$3.51</u>	<u>HK\$7.37</u>
Diluted earnings per unit based upon profit after taxation and before transactions with Unitholders attributable to Unitholders	<u>HK\$3.50</u>	<u>HK\$7.37</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

12 Goodwill

**Carrying value
(Unaudited)
HK\$'M**

At 1 April 2015	384
Acquisition of businesses (<i>Note 24</i>)	99
Exchange adjustments	(1)
	<hr/>
At 30 September 2015	482
	<hr/> <hr/>

13 Investment properties

(a) Details of the movements of investment properties are as follows:

	Completed properties (Unaudited) HK\$'M	Properties under development (Unaudited) HK\$'M	Total (Unaudited) HK\$'M
At 1 April 2015	132,503	5,880	138,383
Acquisition of businesses (<i>Note 24</i>)	10,974	–	10,974
Exchange adjustments	(49)	–	(49)
Additions	567	91	658
Change in fair values	5,706	79	5,785
	<hr/>	<hr/>	<hr/>
	149,701	6,050	155,751
Reclassify to “Investment properties held for sale” (<i>see Note 13(g) below</i>)	(1,317)	–	(1,317)
	<hr/>	<hr/>	<hr/>
At 30 September 2015	148,384	6,050	154,434
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

13 Investment properties (Continued)

(b) Government leases/land grant/land use rights

The properties included as investment properties on the condensed consolidated statement of financial position comprise the following:

- (i) properties located in Hong Kong where the Group has legal title under government leases/conditions of sale for a fixed number of years (with renewal rights in one case). As at 30 September 2015, the remaining term of lease/land grant periods range from approximately 27 to 49 years (31 March 2015: 28 to 49 years); and
- (ii) properties located in Mainland China where the Group legally holds the land use rights and building ownership rights. As at 30 September 2015, the remaining term of the land use rights period is approximately 36 years.

(c) Valuation process

The investment properties were revalued on an open market value basis as at 31 March and 30 September 2015 by CBRE Limited, an independent firm of professional qualified valuers and the principal valuer of Link.

The Manager held discussions with the principal valuer and reviewed all significant inputs used by the principal valuer. Discussions of the valuation processes and results at each reporting date are held between the Manager and the principal valuer.

(d) Valuation techniques

The principal valuer has relied on the income capitalisation approach, discounted cash flow analysis and residual approach as its primary approaches, cross-referenced to the direct comparison method.

The income capitalisation approach involves the capitalisation of the current passing income and potential reversionary income to arrive at the capital value at an appropriate capitalisation rate. The adopted capitalisation rate reflects the nature, location and tenancy profile of the properties together with the current market investment criteria, as supported by the market evidence. The prevailing market rentals have been obtained through analysis of recent lettings and achievable rentals of the properties and other similar developments in the locality. Adjustments are made accordingly to reflect factors specific to the lease and property.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

13 Investment properties (Continued)

(d) Valuation techniques (Continued)

Discounted cash flow analysis allows an investor or owner to make an assessment of the longer term return that is likely to be derived from a property with a combination of both income and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including a target or pre-selected internal rate of return, net property income, income growth, potential capital expenditure, costs associated with the initial purchase of the property and also its disposal at the end of the investment period.

Residual approach involves the assessment of a property's fair value by assuming its completion at the date of valuation and deducts the estimated development costs to derive at the residual value of the property under development. A property's fair value adopts a direct comparison approach, making reference to the latest market transaction records of relevant properties in the vicinity. Estimated future development costs include estimated construction costs, professional fee, finance costs, other required costs and an allowance for developer's profit.

The investment properties are included in Level 3 (31 March 2015: Level 3) of the fair value hierarchy.

(e) Restriction of the Code on Real Estate Investment Trusts (the "REIT Code")

Link acquired Lions Rise Mall, a piece of land for commercial property development in Kowloon East, EC Mall and Corporate Avenue 1 and 2 on 18 September 2014, 23 February 2015, 1 April 2015 and 31 August 2015, respectively. In accordance with the REIT Code, Link is prohibited from disposing of its properties for at least two years from either the time such properties are acquired or the completion of the development of the properties, unless the Unitholders have passed a special resolution consenting to the proposed disposal.

(f) Security for the Group's loan facilities

As at 30 September 2015, certain of the Group's investment properties, amounting to approximately HK\$3,048 million (31 March 2015: HK\$12,986 million), were pledged to secure the Group's loan facilities. As at 30 September 2015, all the secured loan facilities were repaid, and the pledge was subsequently released in October 2015.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

13 Investment properties (Continued)

(g) Investment properties held for sale

During the period, the Manager has put up certain properties of Link for private tender. On 27 October 2015, Link Properties Limited, a wholly-owned subsidiary of Link, has accepted the tender documents submitted by certain independent third parties, which constitute binding agreements in respect of the sale and purchase of five properties for a cash consideration of HK\$1,716 million.

14 Property, plant and equipment

	Leasehold improvements (Unaudited) HK\$'M	Motor vehicles (Unaudited) HK\$'M	Equipment (Unaudited) HK\$'M	Total (Unaudited) HK\$'M
At 1 April 2015	15	2	55	72
Acquisition of businesses (<i>Note 24</i>)	–	–	1	1
Additions	1	1	2	4
Depreciation charge for the period	(5)	(1)	(6)	(12)
At 30 September 2015	11	2	52	65
At 30 September 2015				
Cost	77	6	152	235
Accumulated depreciation	(66)	(4)	(100)	(170)
Net book value	11	2	52	65

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

15 Trade and other receivables

	30 September 2015 (Unaudited) HK\$'M	31 March 2015 (Audited) HK\$'M
Trade receivables	109	98
Less: provision for impairment of trade receivables	(6)	(3)
	<hr/>	<hr/>
Trade receivables-net	103	95
Other receivables	266	217
	<hr/>	<hr/>
	369	312
	<hr/> <hr/>	<hr/> <hr/>

The carrying amounts of these receivables approximate their fair values.

There are no specific credit terms given to the tenants. The trade receivables are generally fully covered by the rental deposits/bank guarantees from corresponding tenants.

The ageing of trade receivables, presented based on the due date, is as follows:

	30 September 2015 (Unaudited) HK\$'M	31 March 2015 (Audited) HK\$'M
0 – 30 days	99	90
31 – 90 days	4	5
Over 90 days	6	3
	<hr/>	<hr/>
	109	98
	<hr/> <hr/>	<hr/> <hr/>

Monthly rentals in respect of retail properties are payable in advance by tenants in accordance with the leases while daily gross receipts from car parks are received from the car park operators in arrears.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

16 Cash and cash equivalents and short-term bank deposits

	30 September 2015 (Unaudited) HK\$'M	31 March 2015 (Audited) HK\$'M
Cash on hand	1	1
Cash at bank	284	2,060
Short-term bank deposits with original maturity of less than three months	<u>209</u>	<u>172</u>
Cash and cash equivalents	494	2,233
Short-term bank deposits with original maturity of more than three months	<u>25</u>	<u>1,215</u>
	<u>519</u>	<u>3,448</u>

17 Trade payables, receipts in advance and accruals

	30 September 2015 (Unaudited) HK\$'M	31 March 2015 (Audited) HK\$'M
Trade payables	52	28
Receipts in advance	214	183
Accruals	<u>1,140</u>	<u>1,222</u>
	<u>1,406</u>	<u>1,433</u>

The carrying amounts of these payables approximate their fair values.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

17 Trade payables, receipts in advance and accruals (Continued)

The ageing of trade payables, presented based on the due date, is as follows:

	30 September 2015 (Unaudited) HK\$'M	31 March 2015 (Audited) HK\$'M
0 – 30 days	51	27
31 – 90 days	1	1
	<u>52</u>	<u>28</u>

18 Long-term incentive plan provision

	30 September 2015 (Unaudited) HK\$'M	31 March 2015 (Audited) HK\$'M
Long-term incentive plan provision	62	120
Less: current portion of long-term incentive plan provision	(44)	(77)
Non-current portion of long-term incentive plan provision	<u>18</u>	<u>43</u>

A long-term incentive plan (the “**LTI Plan**”) was approved and adopted by ordinary resolution on 23 July 2007 at the annual general meeting of the Unitholders. The LTI Plan shall be valid and effective for 10 years commencing on the adoption date.

Under the LTI Plan, the Manager may grant three types of awards, the Restricted Unit Award (“**RUA**”), Unit Option and Conditional Cash Award (“**CCA**”) (collectively the “**Awards**”) to directors and key employees of the Manager. Awards are approved by the Remuneration Committee and, in the case of directors of the Manager, by the Board on recommendation of the Remuneration Committee. No Unit Option has been granted since the adoption date.

Upon the vesting of RUA, units are to be issued to the grantees on a sliding scale, depending on the scale of achievement against the total Unitholders return (“**TUR**”) or net property income (“**NPI**”), where appropriate, providing that the minimum criteria for the performance measure determined by the Remuneration Committee has been met.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

18 Long-term incentive plan provision (Continued)

During the period, certain directors and employees of the Manager were granted RUA and CCA at nil monetary consideration. The RUA granted under the LTI Plan, in general, will vest approximately two to three years from the date of grant.

The eventual numbers of units to be issued under RUA on vesting, which are linked to the performance of Link based on the TUR, NPI or certain vesting conditions, where appropriate, will range from 0% to 200% of RUA granted. CCA is granted in conjunction with the grant of RUA, bestowing upon the grantee a conditional right to receive a cash payment representing an amount equivalent to the aggregate of the distributions per unit to Unitholders during the vesting period, multiplied by the number of units that will eventually be issued to such grantee pursuant to RUA vested.

During the vesting period, a liability is recognised representing the estimated value of the Awards granted and the portion of the vesting period expired as at the reporting date. The value of the Awards was estimated at the reporting date by Towers Watson Hong Kong Limited, an independent external valuer based on valuation techniques and assumptions on unit prices, outstanding length of the Awards and distribution pay-out rates. The change in value of the outstanding Awards was charged to the condensed consolidated income statement. In the event that the vesting conditions are not met, the amount previously accrued will be written back accordingly.

During the period, the Group issued 1,596,867 units (2014: 1,764,208 units) for RUA vested in accordance with the vesting conditions under the LTI Plan.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

18 Long-term incentive plan provision (Continued)

Movements in the number of RUA during the period and the maximum number of units to be issued upon vesting of RUA are as follows:

Date of grant	Vesting period	Outstanding	Granted during the period	Vested	Cancelled during the period	Lapsed	Outstanding	Maximum to be issued on vesting date ⁽ⁱⁱ⁾
		as at 1 April 2015		during the period ⁽ⁱ⁾		during the period	during 30 September 2015	
16 July 2012	16 July 2012 to 30 June 2015	511,734	-	(486,994) ⁽ⁱⁱⁱ⁾	(8,441)	(16,299)	-	-
20 January 2014	20 January 2014 to 30 June 2015	502,418	-	(486,843) ⁽ⁱⁱⁱ⁾	(3,125)	(12,450)	-	-
	20 January 2014 to 30 June 2016	497,770	-	-	-	(33,331)	464,439	856,128
17 July 2014	17 July 2014 to 30 June 2016	487,500	-	-	-	(30,750)	456,750	863,000
	17 July 2014 to 30 June 2017	487,500	-	-	-	(30,750)	456,750	863,000
24 July 2015	24 July 2015 to 30 June 2017	-	475,000	-	-	(19,500)	455,500	871,750
	24 July 2015 to 30 June 2018	-	475,000	-	-	(19,500)	455,500	871,750
Subtotal		2,486,922	950,000	(973,837)	(11,566)	(162,580)	2,288,939	4,325,628
Additional units vested over 100% of RUA granted		-	-	(623,030) ⁽ⁱⁱⁱ⁾	-	-	-	-
Total		<u>2,486,922</u>	<u>950,000</u>	<u>(1,596,867)</u>	<u>(11,566)</u>	<u>(162,580)</u>	<u>2,288,939</u>	<u>4,325,628</u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

18 Long-term incentive plan provision (Continued)

Notes:

- (i) RUA vesting percentages during the period ranged from 130% to 200%.
- (ii) If certain vesting conditions are met.
- (iii) Additional units over 100% of RUA granted were vested pursuant to the relevant vesting conditions.

19 Interest bearing liabilities

	30 September 2015 (Unaudited) HK\$'M	31 March 2015 (Audited) HK\$'M
Bank borrowings	14,520	4,425
Medium term notes	12,133	11,645
Secured loan	–	1,000
	26,653	17,070
Less: current portion of interest bearing liabilities	(2,633)	(1,940)
Non-current portion of interest bearing liabilities	24,020	15,130

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

19 Interest bearing liabilities (Continued)

Interest bearing liabilities are repayable as follows:

	30 September 2015 (Unaudited) HK\$'M	31 March 2015 (Audited) HK\$'M
Due in the first year		
Bank borrowings	2,498	940
Medium term notes	135	–
Secured loan	–	1,000
	<u>2,633</u>	<u>1,940</u>
Due in the second year		
Bank borrowings	–	2,496
Medium term notes	1,112	958
	<u>1,112</u>	<u>3,454</u>
Due in the third year		
Bank borrowings	2,885	–
Medium term notes	1,103	300
	<u>3,988</u>	<u>300</u>
Due in the fourth year		
Bank borrowings	4,972	989
Medium term notes	748	1,103
	<u>5,720</u>	<u>2,092</u>
Due in the fifth year		
Bank borrowings	4,165	–
Medium term notes	972	1,375
	<u>5,137</u>	<u>1,375</u>
Due beyond the fifth year		
Medium term notes	<u>8,063</u>	<u>7,909</u>
	<u>26,653</u>	<u>17,070</u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

19 Interest bearing liabilities (Continued)

Notes:

- (i) Except for medium term notes of HK\$135 million (31 March 2015: HK\$146 million) which are denominated in Australian Dollars and HK\$3,880 million (31 March 2015: HK\$3,905 million) which are denominated in United States Dollars, all the other interest bearing liabilities are denominated in Hong Kong Dollars.
- (ii) All of Link's foreign currencies borrowings are fully hedged into Hong Kong Dollars.
- (iii) The effective interest rate of the interest bearing liabilities (taking into account cross currency swap contracts and interest rate swap contracts) at the reporting date was 2.58% (31 March 2015: 2.66%). The carrying amounts of the interest bearing liabilities approximate their fair values.

20 Derivative financial instruments

	30 September 2015 (Unaudited) HK\$'M	31 March 2015 (Audited) HK\$'M
Derivative assets		
Non-current item		
Designated as fair value hedge		
– cross currency swap contract	55	69
– interest rate swap contracts	90	93
	<u>145</u>	<u>162</u>
	-----	-----
	145	162
Derivative liabilities		
Current item		
Designated as cash flow hedge		
– interest rate swap contracts	(5)	(17)
Designated as fair value hedge		
– cross currency swap contract	(72)	–
	<u>(77)</u>	<u>(17)</u>
	-----	-----
	(77)	(17)
Non-current item		
Designated as cash flow hedge		
– interest rate swap contracts	(104)	(34)
Designated as fair value hedge		
– cross currency swap contracts	(14)	(62)
	<u>(118)</u>	<u>(96)</u>
	-----	-----
	(118)	(96)
	<u>(195)</u>	<u>(113)</u>
	-----	-----
	(195)	(113)
	<u>(50)</u>	<u>49</u>
	-----	-----
	(50)	49

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

20 Derivative financial instruments (Continued)

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2 of the fair value hierarchy.

The fair values of cross currency swap contracts and interest rate swap contracts are calculated by reference to the present values of the estimated future cash flows, taking into account market observable yield curves and forward exchange rates at each reporting date. Cross currency swap contracts and interest rate swap contracts are included in Level 2 (31 March 2015: Level 2) of the fair value hierarchy.

Notes:

- (i) The Group uses cross currency swap contracts and interest rate swap contracts (swapping from foreign currencies to Hong Kong Dollars) to minimise its exposure to movements in foreign currency exchange rates and interest rates in relation to its interest bearing liabilities. The fair values of these cross currency swap contracts and interest rate swap contracts are classified as non-current items should the remaining maturities of the hedged items extend for more than 12 months. Any change in fair values of the effective portion of the cash flow hedges in relation to interest rate swap contracts is recognised in the hedging reserve. Any change in fair values of the fair value hedges in relation to interest rate swap contracts and any change in fair value of cross currency swap contracts are recognised directly in the condensed consolidated income statement. A net amount of HK\$58 million has been debited (2014: HK\$15 million had been credited) to the hedging reserve during the period as further set out in Note 23.
- (ii) As at 30 September 2015, the derivative financial instruments qualifying as cash flow hedges have, in effect, provided the Group with an average fixed interest rate period of 6.0 years on HK\$8,150 million borrowings (31 March 2015: 1.9 years on HK\$1,950 million borrowings) from the reporting date. The notional principal amount and the weighted average fixed interest rate of the outstanding floating rates to fixed rates interest rate swap contracts as at 30 September 2015 were HK\$8,150 million (31 March 2015: HK\$1,950 million) and 2.03% (31 March 2015: 2.84%) respectively.
- (iii) As at 30 September 2015, the derivative financial instruments qualifying as fair value hedges have, in effect, converted part of the Group borrowings into Hong Kong Dollars fixed rate and floating rates interest bearing liabilities. The notional principal amounts of the outstanding cross currency swap contracts and interest rate swap contracts qualifying as fair value hedges as at 30 September 2015 were HK\$4,083 million (31 March 2015: HK\$4,083 million) and HK\$1,820 million (31 March 2015: HK\$1,820 million) respectively.
- (iv) Gains and losses on interest rate swap contracts recognised in the hedging reserve (Note 23) as at 30 September 2015 will be released to the condensed consolidated income statement.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

21 Other non-current liabilities

	30 September 2015 (Unaudited) HK\$'M	31 March 2015 (Audited) HK\$'M
Amount due to non-controlling interest	2,384	2,352
Non-controlling interest put option obligation	580	580
	<u>2,964</u>	<u>2,932</u>

Note:

The amount due to non-controlling interest is unsecured, interest bearing at an effective interest rate of 2.7% (31 March 2015: 2.9%), has no fixed repayment term and not repayable within one year.

The non-controlling interest put option obligation was recognised as a financial liability based on valuation performed by Crowe Horwath (HK) Consulting & Valuation Limited, an independent firm of professional qualified valuers.

The valuer has used discounted cash flow as the valuation technique. The valuation is based on various assumptions and calculated by reference to a number of unobservable inputs, including the estimated fair value of the equity interests of the project company at the expected time of exercise of the put option, the expected time of exercise itself, the cash flow and the discount rate used.

The Manager held discussions with the valuer and reviewed all significant inputs used. Discussions of the valuation processes and results at each reporting date are held between the Manager and the valuer.

Fair value of the put option obligation is included in Level 3 (31 March 2015: Level 3) of the fair value hierarchy. During the period ended 30 September 2014 and 2015, there were no transfers between the three levels of the fair value hierarchy.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

22 Units in issue

	Number of units (Unaudited)
At 1 April 2015	2,291,770,269
Units bought back for cancellation	(40,899,000)
Units issued under long-term incentive plan	1,596,867
	<hr/>
At 30 September 2015	<u><u>2,252,468,136</u></u>

Pursuant to the general mandate granted to the Manager by the Unitholders, the Manager (on behalf of Link) bought back a total of 40,899,000 units (2014: 19,411,500 units) at an aggregate price of HK\$1,782 million (2014: HK\$886 million). Details of the units bought back during the period were as follows:

Month	Units bought back	Purchased price per unit		Aggregate consideration HK\$'M
		Highest HK\$	Lowest HK\$	
July 2015	8,314,000	46.15	44.60	377
August 2015	28,271,500	45.60	41.35	1,226
September 2015	4,313,500	42.90	40.55	179
	<hr/>			<hr/>
Total	<u><u>40,899,000</u></u>			1,782
Expenses on units bought back				4
				<hr/>
				<u><u>1,786</u></u>

All units bought back were cancelled during the period.

Closing price of the units as at 30 September 2015 was HK\$42.50 (31 March 2015: HK\$47.80) per unit. Based on 2,252,468,136 units in issue as at 30 September 2015 (31 March 2015: 2,291,770,269 units), market capitalisation was HK\$95,730 million (31 March 2015: HK\$109,547 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

23 Reserves

	Other reserve (Unaudited) HK\$'M	Hedging reserve (Unaudited) HK\$'M	Exchange reserve (Unaudited) HK\$'M	Earnings retained for cash flow hedge and foreign exchange translation adjustments (Unaudited) HK\$'M	Total reserves (Unaudited) HK\$'M
At 1 April 2015	(580)	(51)	–	51	(580)
Cash flow hedges:					
– Change in fair values	–	(87)	–	–	(87)
– Amount transferred to the condensed consolidated income statement (<i>Note</i>)	–	29	–	–	29
	–	(58)	–	–	(58)
Exchange loss on translation of financial statements	–	–	(46)	–	(46)
Net assets attributable to Unitholders:					
– Amount arising from cash flow hedging reserve and exchange reserve movements	–	–	–	104	104
At 30 September 2015	(580)	(109)	(46)	155	(580)

Note: Amount transferred to the condensed consolidated income statement in respect of cash flow hedges was included in “Finance costs” (Note 8).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

24 Acquisition of businesses

On 24 March 2015, Link, through a wholly-owned subsidiary, entered into a sale and purchase agreement to acquire the entire issued share capital of China East Investment Limited and the shareholder loan at a cash consideration (after final adjustment) of US\$305 million (equivalent to HK\$2,362 million). The transaction was completed on 1 April 2015. China East Investment Limited owns the entire registered capital of ECM Property Holding (Tianjin) Co., Ltd., which is the sole owner of the EC Mall located at Jia No. 1, Danling Street, Haidian District of Beijing, Mainland China.

On 23 July 2015, Link, through a wholly-owned subsidiary, entered into a sale and purchase agreement to acquire the entire issued share capital of Brixworth International Limited from Interchina International Limited, which is an indirectly wholly-owned subsidiary of Shui On Land Limited at an initial consideration of RMB 6,626 million (equivalent to HK\$7,977 million). The transaction was completed on 31 August 2015. Brixworth International Limited indirectly owns the entire registered capital of Shanghai Xing Bang Properties Co., Ltd., which is the sole registered owner of Corporate Avenue 1 and Corporate Avenue 2 located at 202 and 222 Hu Bin Road and 333 Huang Pi Nan Road, Huangpu District, Shanghai, Mainland China.

The acquisitions will benefit Link through adding quality income-producing properties with capital appreciation potential.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

24 Acquisition of businesses (Continued)

The fair values of the assets and liabilities and goodwill arising from the acquisitions are as follows:

	EC Mall (Unaudited) HK\$'M	Corporate Avenue 1 & 2 (Unaudited) HK\$'M	Total (Unaudited) HK\$'M
Investment properties (<i>Note 13</i>) (<i>Note</i>)	3,077	7,897	10,974
Property, plant and equipment (<i>Note 14</i>)	1	–	1
Cash and cash equivalents	48	169	217
Other net current liabilities	(56)	(117)	(173)
Bank borrowings	(779)	–	(779)
	<u>2,291</u>	<u>7,949</u>	<u>10,240</u>
Goodwill (<i>Note 12</i>)	71	28	99
	<u>2,362</u>	<u>7,977</u>	<u>10,339</u>
Purchase consideration settled in cash	2,362	7,977	10,339
Cash and cash equivalents in subsidiaries acquired	(48)	(169)	(217)
	<u>2,314</u>	<u>7,808</u>	<u>10,122</u>

Note: EC Mall and Corporate Avenue 1 & 2 were revalued at 20 March 2015 and 22 July 2015 respectively by CBRE Limited, the principal valuer of Link. These approximate the fair values of the investment properties at their acquisition dates.

25 Capital commitments

	30 September 2015 (Unaudited) HK\$'M	31 March 2015 (Audited) HK\$'M
Improvement projects to existing investment properties		
– Authorised but not contracted for	5,233	5,190
– Contracted but not provided for	1,068	860
	<u>6,301</u>	<u>6,050</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

26 Connected party transactions and significant related party transactions and balances

Information required to be disclosed concerning related party transactions is set out in this note unless disclosed elsewhere in these condensed consolidated interim financial information.

(a) Nature of relationship with connected/related parties

The table set forth below summarises the names of the connected/related parties, as defined in the REIT Code/HKAS 24 (Revised) “Related Party Disclosures”, and nature of their relationship with the Group as at 30 September 2015:

Connected/related party	Relationship with the Group
HSBC Institutional Trust Services (Asia) Limited (the “ Trustee ”) *	The Trustee of Link
The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries (excluding the Trustee and its proprietary subsidiaries) (the “ HSBC Group ”) *	Associates # of the Trustee
CBRE Limited (the “ Principal Valuer ”)	The Principal Valuer of Link
Aedas Limited *	Associate # of director
Hong Kong Youth Arts Foundation	Associate # of directors
Industrial and Commercial Bank of China (Asia) Limited (“ ICBC (Asia) ”)	Associate # of director
Standard Chartered Bank (Hong Kong) Limited (“ SCBHK ”)	Associate # of director
The Chamber of Hong Kong Listed Companies	Associate # of director
The Hong Kong Institute of Directors Limited	Associate # of director

* These connected parties are also considered as related parties of the Group.

“Associate” has the meaning ascribed to it under the REIT Code.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

26 Connected party transactions and significant related party transactions and balances
(Continued)

(b) Transactions with connected/related parties

The following transactions were carried out with connected/related parties:

	Six months ended 30 September 2015 (Unaudited) HK\$'M	Six months ended 30 September 2014 (Unaudited) HK\$'M
Trustee's fee paid and payable to the Trustee <i>(Note (ii))</i>	(6)	(4)
Transactions with the HSBC Group <i>(Note (iii))</i>		
Interest expense and various financing charges to the HSBC Group on interest bearing liabilities, cross currency swap contract and interest rate swap contracts	(31)	(5)
Rental income from the HSBC Group on leasing of retail units	15	14
Interest income from the HSBC Group on short-term bank deposits	–	1
Valuation fee paid and payable to the Principal Valuer <i>(Note (iii))</i>	(1)	(1)
Architectural/renovation consultancy services fees paid and payable to the Aedas Limited <i>(Note (iii))</i>	(4)	(6)
Project fee paid and payable to Hong Kong Youth Arts Foundation <i>(Note (iii))</i>	–	(1)
Transactions with ICBC (Asia) <i>(Note (iii))</i>		
Interest expense and various financing charges to ICBC (Asia) on interest bearing liabilities	(1)	–
Rental income from ICBC (Asia) on leasing of retail units	5	4
Interest income from ICBC (Asia) on short-term bank deposits	–	1
Transactions with SCBHK <i>(Note (iii))</i>		
Interest expense and various financing charges to SCBHK on interest bearing liabilities	–	(1)
Rental income from SCBHK on leasing of retail units	7	5
Interest income from SCBHK on short-term bank deposits	1	1

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

26 Connected party transactions and significant related party transactions and balances
(Continued)

(b) Transactions with connected/related parties (Continued)

Notes:

- (i) All connected party transactions were carried out in accordance with the terms of the relevant agreements governing the transactions and in the ordinary course of business.
- (ii) The Trustee is entitled to receive an annual trustee's fee (calculated and paid monthly) at rates ranging from 0.008% per annum to 0.03% per annum of the latest property value as determined in the latest annual valuation report of an independent property valuer recommended by the Manager and appointed by the Trustee for and on behalf of Link from time to time, subject to a minimum of HK\$150,000 per month.
- (iii) The transactions were entered into at arm's length on normal commercial terms.

(c) Balances with related parties

Balances with related parties are set out below:

	30 September 2015 (Unaudited) HK\$'M	31 March 2015 (Audited) HK\$'M
Trustee's fee payable to the Trustee	(1)	(1)
Interest bearing liabilities with the HSBC Group	(3,679)	(1,650)
Net interest payable to the HSBC Group	(3)	–
Security deposits from the HSBC Group	(2)	(2)
Cross currency swap contract and interest rate swap contracts with the HSBC Group	(8)	22
Deposits placed with the HSBC Group	69	2,112

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

26 Connected party transactions and significant related party transactions and balances
(Continued)

(d) Key management compensation

The aggregate amounts of emoluments of the key management staff of the Group are as follows:

	Six months ended 30 September 2015 (Unaudited) HK\$'M	Six months ended 30 September 2014 (Unaudited) HK\$'M
Fees	4	4
Basic salaries, allowances and other benefits	51	45
Long-term incentive plan awards	13	34
	<hr/>	<hr/>
	68	83
	<hr/> <hr/>	<hr/> <hr/>

27 Approval of the condensed consolidated interim financial information

The condensed consolidated interim financial information was authorised for issue by the Board on 11 November 2015.

APPRECIATION

The Board would like to thank sincerely all staff for their professionalism, hard work and individual contributions. Without their skills and on-the-ground customer service, Link would not secure the support of its tenants and the communities in which it operates. The Board's appreciation goes further to our Unitholders for their continuous support and confidence in Link.

REVIEW BY AUDIT AND RISK MANAGEMENT COMMITTEE AND AUDITOR

The interim results and the condensed consolidated interim financial information of the Group for the six months ended 30 September 2015 have been reviewed by the Audit and Risk Management Committee. The condensed consolidated interim financial information has also been reviewed by PricewaterhouseCoopers, Link's auditor, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE

Throughout the six months ended 30 September 2015, Link and the Manager complied with the Code on Real Estate Investment Trusts, the Securities and Futures Ordinance, applicable provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the trust deed (as amended by supplemental deeds from time to time) of Link and the compliance manual of the Manager which sets out the key processes, systems and measures and the corporate governance policy in respect of Link. Link and the Manager also applied the principles and complied with, to the extent appropriate, the code provisions in the Corporate Governance Code in Appendix 14 to the Listing Rules throughout the period.

Mr Anthony CHOW Wing Kin retired as an Independent Non-Executive Director on 22 May 2015 after completing his 9-year term of services. Save as disclosed, there was no change in the Board members during the period under review. Link and the Manager adopted, respectively, their new English and Chinese names (which are used in this announcement) in the period as part of Link's corporate branding strategy. The authorisation structure of Link and the corporate governance policy and practices adopted for the six months ended 30 September 2015 remained in line with those in place for the year ended 31 March 2015 as disclosed in the corporate governance report in Annual Report 2014/2015. Further details will be set out in Interim Report 2015/2016 of Link.

BUY-BACK, SALE OR REDEMPTION OF LINK'S LISTED UNITS

During the six months ended 30 September 2015, the Manager (on behalf of Link) bought back a total of 40,899,000 units on The Stock Exchange of Hong Kong Limited at an aggregate consideration (excluding expenses) of approximately HK\$1,782 million, details of which are as follows:

Month	Number of units bought back	Purchase price per unit		Aggregate consideration (excluding expenses) HK\$'M
		Highest HK\$	Lowest HK\$	
July 2015	8,314,000	46.15	44.60	377
August 2015	28,271,500	45.60	41.35	1,226
September 2015	4,313,500	42.90	40.55	179

All the units bought back were cancelled prior to the period end.

Save as disclosed above, neither the Manager nor any of Link's subsidiaries bought back, sold or redeemed any of Link's listed units during the period under review.

ISSUE OF NEW UNITS

1,596,867 new units were issued in the period under review pursuant to the long-term incentive plan of Link adopted by Unitholders.

PUBLIC FLOAT

Based on the information publicly available to the Manager, Link continues to meet the required public float of no less than 25% of its issued units in public hands.

INTERIM DISTRIBUTION AND CLOSURE OF REGISTER OF UNITHOLDERS

Interim distribution of HK98.99 cents per unit in cash for the six months ended 30 September 2015 will be paid on Friday, 4 December 2015 to those Unitholders whose names appear on the register of Unitholders of Link on Monday, 30 November 2015. For the purpose of ascertaining Unitholders' entitlement to the interim cash distribution, the register of Unitholders of Link will be closed from Thursday, 26 November 2015 to Monday, 30 November 2015 (both days inclusive) during which period no transfer of units will be registered. In order to qualify for the interim cash distribution, all transfer documents accompanied by the relevant unit certificates must be lodged with Link's unit registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 25 November 2015.

DESPATCH OF INTERIM REPORT 2015/2016

Link's Interim Report 2015/2016 will be despatched to Unitholders on Friday, 27 November 2015.

By order of the board of directors of
Link Asset Management Limited
(as manager of Link Real Estate Investment Trust)
Ricky CHAN Ming Tak
Company Secretary

Hong Kong, 11 November 2015

As at the date of this announcement, the Board of the Manager comprises:

Chairman (also an Independent Non-Executive Director)

Nicholas Robert SALLNOW-SMITH

Executive Directors

George Kwok Lung HONGCHOY (*Chief Executive Officer*)

Andy CHEUNG Lee Ming (*Chief Financial Officer*)

Non-Executive Director

Ian Keith GRIFFITHS

Independent Non-Executive Directors

William CHAN Chak Cheung

May Siew Boi TAN

Peter TSE Pak Wing

Nancy TSE Sau Ling

David Charles WATT

Richard WONG Yue Chim

Elaine Carole YOUNG